

In a decision that further explores the association between patent infringement and the issuance of a permanent injunction, the U.S. Court of Appeals for the Federal Circuit upheld a permanent injunction against Stryker Corp. from infringing on an orthopedic nail patent in *Acumed LLC v. Stryker Corp.*

In 2004, Acumed, an orthopedic implants and accessories manufacturer, sued Stryker, a developer and manufacturer of specialty medical products, over Stryker's T2 proximal humeral nail (PHN), a "type of orthopedic nail used for the treatment of fractures of the humerus, or the upper arm bone." Acumed alleged that Stryker's T2 PHN infringed on its patent covering its own Polarus nail. The U.S. District Court for the District of Oregon

Federal Circuit applies four *eBay* factors, affirms permanent injunction

granted Acumed's motion for a permanent injunction, applying "the general rule that courts will issue permanent injunctions against patent infringement absent exceptional circumstances."

"The District Court's initial decision was based on the then common practice in the courts," says Brett Hesterberg, a member in LVM's Chicago office. "If there was a finding of infringement, it was virtually a given that you could get a permanent injunction against the infringer."

In April 2007, the Federal Circuit affirmed the finding of infringement, but overturned the permanent injunction (which had been stayed) and sent the case back to the District Court for reconsideration. The Federal Circuit instructed the District Court to apply the four-factor test for injunctive relief in accordance with *eBay Inc. v. MercExchange, LLC*, a U.S. Supreme Court decision handed down in 2006 while Stryker's appeal was pending. In *eBay*, the Supreme Court moved away from the "automatic injunction" approach and ruled that even in patent infringement cases, "a plaintiff seeking a permanent injunction must satisfy a four-factor test before a court may grant such relief."

"Prior to *eBay*, the climate was pro-patent. If you were able to prove infringement, then you were almost automatically granted an injunction," says Michael Hartmann, a member in LVM's Chicago office. "This decision from the Supreme Court caused the pendulum to swing the other way by saying that a patentee must show irreparable harm."

The four-factor test set forth by the Supreme Court in *eBay* requires a plaintiff to demonstrate "(1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and the defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction."

On remand in *Acumed*, the District Court applied the four-factor test. Combining the first two factors, the court "found that Acumed had established an irreparable injury that had no adequate remedy at law," noting Acumed's reduced profits due to T2 PHN's availability. For the third factor, the court "concluded that the balance of hardships favored Acumed," noting that Acumed is a smaller company, and that the Polarus nail is its "flagship product." Lastly, the court decided that "there was not sufficient objective evidence of any public health issue in the form of screw back-out problems with the Polarus nail such that the public interest would be disserved by a permanent injunction."

Thus, the District Court again concluded that a permanent injunction should be issued against Stryker's T2 PHN. On a second appeal, the Federal circuit affirmed, finding it a close case but stating that "the standard of review, *viz.*, abuse of discretion, compels our decision." Among other considerations, the Federal Circuit concluded that "[a] plaintiff's past willingness to license its patent is not sufficient per se to establish lack of irreparable harm if a new infringer were licensed."

"This is a significant decision in the context of the pessimism many patent owners felt following *eBay* about the likelihood of obtaining injunctions against infringers," says Hesterberg. "It reconfirms that it is possible to get an injunction under the right circumstances. It's also gratifying to see some balance brought back to the injunction process, especially when the case concerns a smaller patentee who would be greatly disadvantaged without an injunction."

In addition to providing smaller companies with more hope for litigation success, the case holds significance for other issues concerning equitable remedies.

"There are a number of patentees who have asserted patents without having a related manufacturing or selling business associated with that patent," says Hartmann. "What *Acumed*, along with *eBay*, says is that you're going to have a hard time arguing irreparable harm if you don't have a business that will be impacted, positively or negatively."

Federal ruling moves infringement case from Eastern District of Texas to Ohio

A recent decision by a federal appeals court to issue a writ of mandamus that moves a patent infringement suit from the U.S. District Court for the Eastern District of Texas to the defendant's state of business sets a precedent for determining venue in patent suits.

In *In re TS Tech USA Corp.*, TS Tech — a supplier of automobile seats and interiors — petitioned the U.S. Court of Appeals for the Federal Circuit to grant its petition for a writ of mandamus, directing the District Court to transfer a suit against the corporation to the U.S. District Court for the Southern District of Ohio, where TS Tech is based.

The September 2007 suit by Lear Corp. alleges infringement by TS Tech regarding a patent on vehicle headrest assemblies. Lear complained that TS Tech had been manufacturing and selling infringing pivotal headrest assemblies to Honda Motor Co., Ltd. Claiming TS Tech knowingly infringed by selling the headrest assemblies in Honda vehicles nationwide, Lear Corp. chose the Eastern District of Texas as the venue for the suit.

"East Texas is patent-friendly from two standpoints," says John Kozak, a member in LVM's Chicago office. "It has a relatively fast docket process, and it has a reputation for going with the patent holder in the majority of cases."

Soon after Lear Corp. filed its suit, TS Tech filed a motion to transfer the case to the U.S. District Court for the Southern District of Ohio. TS Tech argued that Ohio was a more convenient forum for presenting evidence, as well as a more accessible location for key witnesses in Ohio and Canada, as well as Michigan, where Lear Corp. is based. Additionally, TS Tech asserted the Eastern District of Texas held no special relevance as a venue, since neither party was incorporated in Texas.

Lear Corp. maintained the original venue was acceptable, as Honda vehicles containing the headrest assembly in question had been sold in Texas. Supporting Lear Corp.'s contention and stating that TS Tech had failed to provide sufficient evidence that the inconvenience to the parties and witnesses clearly outweighed the deference entitled to Lear's choice of bringing suit in the Eastern District of Texas, the District Court denied transfer.

In response, TS Tech sought a writ of mandamus. It reasoned that the Texas District Court had abused its discretion by disregarding the weak connection between the case and the East Texas venue.

"Seeking a writ of mandamus asserts a clear abuse of discretion on behalf of the District Court," says Bob Wittmann, a member in LVM's Chicago office. "This put TS Tech in the position of proving that the transfer was clearly appropriate."

To determine whether a venue change was warranted, the appellate court applied certain "public" and "private" factors. Private factors include "the relative ease of access to sources of proof," "the availability of compulsory process to secure the attendance of witnesses," "the cost of attendance for willing witnesses," and "all other practical problems that make a trial easy, expeditious and inexpensive."

The public factors considered were "the administrative difficulties flowing from court congestion," "the local interest in having localized interests decided at home," "the familiarity of the forum with the law that will govern the case," and "the avoidance of unnecessary problems of conflicts of laws [or in] the application of foreign law."

The factors applied by the Federal Circuit stem from *In re Volkswagen of America, Inc.*, a recent case from the Fifth Circuit Court of Appeals in which the defendant, Volkswagen, petitioned the U.S. District Court of East Texas to

transfer a suit from the Eastern District of Texas to the Northern District of Texas. The suit, filed by owners of a Volkswagen Golf seeking damages after a fatal accident, was not patent-related.

The Fifth Circuit found that neither the plaintiffs nor the facts of the case had a connection to Eastern Texas and granted Volkswagen's petition for a writ of mandamus. The petition resulted in an *en banc* decision.

"Prior to Volkswagen, the Fifth Circuit was treating a plaintiff's choice of venue as an independent factor that would often trump other factors under consideration, even if the other factors established that another forum was otherwise clearly more convenient," says Wittmann. "As a result of *Volkswagen*, the fact that the venue was chosen by the plaintiff can no longer be used as a distinct or primary factor."

The Federal Circuit determined that the District Court erred by "giving inordinate weight to the plaintiff's choice of venue." Additionally, the District Court "ignored Fifth U.S. Circuit Court of Appeals precedent in assessing the cost of attendance for witnesses," failed to factor in "the relative ease of access to sources of proof," and disregarded "Fifth Circuit precedent in analyzing the public interest in having localized interests decided at home."

The Federal Circuit found that TS Tech had sufficiently proved the District Court's abuse of discretion and that mandamus relief was warranted.

"This particular decision goes a long way in establishing a procedure for proper venue analysis in patent infringement cases," says Wittmann.

Adds Kozak, "*TS Tech*, as with *Volkswagen*, will serve to lessen the perceived abuse of people going to East Texas purely because it tends to be plaintiff-friendly. Only time will tell what the long-term effect actually is."

Recording trademarks with U.S. Customs to combat counterfeiting

The trade of counterfeit and pirated goods has long been a global problem, and as its prevalence grows, so does the threat to legitimate competition among businesses around the world. To combat the trade of counterfeit goods, U.S. Customs and Border Protection (CBP) works with U.S. Immigration and Customs Enforcement (ICE), focusing heavily on the protection of intellectual property rights.

CBP's efforts, which include importer audits and the seizure of fake goods at

U.S. borders, led to the confiscation of more than \$272 million of domestic goods in 2008, a 38 percent increase over 2007. Companies that wish to take added precautions against the threat of counterfeit goods can start by having their intellectual property counsel record any trademarks and copyrights with the CBP.

The recordation service is available to any owner of a trademark registered on the U.S. Patent and Trademark Office's Principal Register or of a copyright registered with the US Copyright office.

"We have found that in today's strapped economy, there is an ever-increasing number of counterfeit and pirated goods coming into this country," says Lynn Sullivan, a member in LVM's Chicago office. "Recording trademarks and copyrights with CBP helps facilitate the monitoring and seizure of counterfeit goods by the Customs and Border Protection division."

Federal Circuit holds that 'mechanism for' may qualify as 'means-plus-function' in *Welker Bearing*

Further exploring the semantics of "means-plus-function" claims, the Court of Appeals for the Federal Circuit held that "mechanism for" may be treated as a means-plus-function limitation in *Welker Bearing Co. v. PHD, Inc.*

The opinion confirmed the U.S. District Court of the Eastern District of Virginia's summary judgment of noninfringement, stating that a device made by PHD, Inc. had not infringed on the patent for a pin clamp owned by Welker Bearing. The pin clamp holds a work piece in place during the welding process.

The District Court viewed the plaintiff's patent claim designating the device as a "mechanism for moving said finger" as a means-plus-function limitation, resulting in particular claim construction required by case law. Because the required proof of structure corresponding to that described in the patent was absent in PHD's device, the court granted summary judgment of noninfringement.

The Federal Circuit reviewed previous cases that examined the use of the term "mechanism" as it relates to means-plus-function limitations.

"The use of the word 'means' in a claim limitation creates a presumption that the means-plus-function treatment applies. The Federal Circuit noted that generic terms, such as 'mechanism,' 'means,' 'element' and 'device' typically do not connote sufficiently definite structure to avoid means-plus-

function treatment," says John Augustyn, a member in LVM's Chicago office. "Claim language that further defines a generic term can sometimes add sufficient structure to avoid means-plus-function treatment, such as the phrase 'detent mechanism'."

In *Welker Bearing*, the Federal Circuit concluded that "no adjective endows the claimed 'mechanism' with a physical or structural component," and the claim provides no structural context for determining the characteristics of the "mechanism." Thus, the Federal Circuit applied the means-plus-function treatment to this claim term.

Ultimately, the Federal Circuit confirmed the summary judgment of noninfringement in favor of PHD, stating that PHD's Clamp II, which "propels clamping fingers in and out of the locating pin without any rotational movement," is "substantially different" from the "mechanism for moving said finger" in the patent claim.

Providing further insight into its ruling, the Federal Circuit explained that if "claim 1 of the '254 patent had recited, e.g., a 'finger displacement mechanism,' a 'lateral projection/retraction mechanism,' or even a 'clamping finger actuator,' this court could have inquired beyond the vague term 'mechanism' to discern the understanding of one skill in the art." Also, the Federal Circuit noted that the specification did not suggest any other structure for moving the claimed fingers. In fact, the inventor considered other structures for moving the fingers similar to

the alleged infringing design, but the inventor eventually rejected them.

"Welker Bearing only showed one structure in the patent, which may have restricted the company's success in the infringement suit. A company may want to disclose more than one structure in the patent in order to possibly improve the scope of the patent," says Augustyn. "Thus, it is important for a company to seek experienced patent counsel to offer advice with its patent claim strategy."

Major patent reform bills introduced

Senate and House Judiciary Committee leaders introduced major patent law reform bills March 3. They are Senate Bill 515 (U.S. Sen. Patrick Leahy, D-Vt.) and House Resolution 1260 (U.S. Rep. John Conyers, D-Mich.). In addition to being nearly identical, the two bills are similar to the reform bills introduced in the last Congress. The bills were announced at a news conference in the Senate Press Gallery. Leahy and Conyers published remarks in the *Congressional Record*. Disagreements, primarily regarding patent damages, remain. Before taking up the Senate bill, US. Sen. Arlen Specter, R-Pa., requested more time to consider the damages issues.

LVM Announces

Chicago

Thomas D. Paulius, formerly the associate general counsel at Molex Incorporated, a multi-billion-dollar global manufacturer of electrical interconnect products, joins Leydig, Voit & Mayer as Counsel, resident in the Chicago office. With more than twenty years' experience in the field of intellectual property law, he will concentrate his practice on patent, trademark and copyright matters, with an emphasis in electrical and mechanical technologies. He also has experience in patent and trademark litigation involving agricultural machinery, marine biofouling prevention systems, consumer products, and product configurations.

Drawing on his experience as a construction engineer, Mr. Paulius has represented architects, engineering and construction firms, and municipalities in patent-related matters. He has represented photographers in copyright agreements with publications and universities.

At Molex, he was responsible for training patent engineers, developing patent prosecution strategies, and managing division patent portfolios, with an emphasis on developing patent prosecution strategies for Asia Pacific Markets. Mr. Paulius is registered to practice before the U.S. Patent and Trademark Office. He received a J.D. from Chicago-Kent College of Law in 1982, and a B.S. in civil engineering from the University of Notre Dame in 1976.

The firm welcomes the addition of a technical advisor: P. Raymond Chen will focus on patent prosecution and intellectual property due diligence in the fields

of electrical engineering and business methods. He has handled a wide range of prosecution-related assignments, which include the drafting of patent applications and inventor interviews. He has also conducted patentability analyses and advised clients on prosecution strategies. His educational and technical work experience focused on electrical engineering, signal processing, and medical imaging. Following graduate school, he served as a biomedical engineer at a radiological imaging company. He is recognized to practice before the U.S. Patent and Trademark Office. Dr. Chen received a B.E. in automotive engineering from Tsinghua University in Beijing in 2000, and a Ph.D. in electrical engineering from the University of Delaware in 2006.

Events

Steven H. Sklar, Member (Chicago), will present "Generic Considerations — Making the Decision to Certify Paragraph IV" on April 27, 2009, at the American Conference Institute's 3rd Annual Paragraph IV Disputes in New York, New York. For more information and to register, visit <http://www.americanconference.com/P4.htm>.

Leydig, Voit & Mayer is a sponsor of *Inside Counsel's* SuperConference, to be held May 5-6, 2009, at The Fairmont Chicago. **H. Michael Hartmann** will participate as an emcee during the two-day event, and on May 5, **Robert F. Green** will be the moderator of the IP track "The Impact of *KSR*, *Seagate*, *Quanta*, and *Bilski* on Business Decisions." Both are members in the firm's Chicago office. For more information, please visit www.insidecounsel.com/superconference.

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